

PRINCIPAL & PRACTICE OF MANAGEMENT



Brand: Mehta Solutions

Product Code: case1388

Weight: 0.00kg

Price: Rs500

Short Description

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case study

Description

CASE IV

SHAHID FABRICS

Mr. Lateef, Chairman of Shahid Fabrics, a Hyderabad-based garments and piece goods firm which exported all its products to the USA, faced a decision in August 1985. The US government had imposed quota restrictions which reduced the exports of his firm by 40 percent. He had to find a new market for his products.

Shahid Fabrics was one of Pakistan's major exporters of garments and piece goods. Its share was 25 percent of the exports of these goods of the whole country. It was established in 1954 as a producer of cotton cloth and later, in 1966, it extended production to include garments and piece goods. It had eight local production units and the total number of employees was 8,000. All its garments and piece goods were exported, and branded according to customer specification. All the goods were exported to the USA and the sales of the firm amounted to US\$ 100 million. In 1984,

the US government imposed quota restrictions. By August 1985, Shahid Fabrics exports had been reduced by 40 percent.

Mr. Lateef believed that finding new markets was the only way to survive. The possible alternatives according to him were the EEC countries, the USSR, the Middle Eastern Arab countries and the other Asian countries. The EEC was a very good potential market, but Europeans were very tough buyers. It would be necessary to segregate the EEC from other buyers because of their existing specifications with regard to style, colour and packing. The USSR too was a potential market as far as demand was concerned, but the country did not have enough money in foreign exchange.

The Middle Eastern Arab countries had money, but their requirements were small due to their smaller population. Second, these countries preferred not to buy Pakistani goods directly from Pakistan\$. They would rather like to buy the same Pakistani goods, branded differently from other Western countries, say France.

Asia was a big market, but the Asian countries, including turkey, were Shahid Fabrics' competition in the international market. Mr. Lateef was deeply concerned with the loss of 40 percent of his export goods. He was eager to determine which new market offered the highest potential. He wondered what specific information he could use to help his decision.

Case IV Questions:

1. What information should Mr. Lateef develop to evaluate foreign markets?

1. Where should he look for this information?

- 1. Develop a framework to help Mr. Lateef identify his best potential foreign markets.**

Details

- 1. Case study solved answers**

- 2. pdf/word**

- 3. Fully Solved with answers**